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• *Informality – Agency – Institutions – Food systems – Dhaka, Bangladesh*

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## **Informality as Agency – Negotiating Food Security in Dhaka** *Informalität als soziale Praxis – zur Aushandlung von Ernährungssicherung in Dhaka*

With 3 Figures and 1 Table

Recent research on the informal economy no longer distinguishes ‘the formal’ and ‘the informal’ as distinct antipodes, but looks at a continuum of interwoven and intertwined socio-economic processes with different degrees of (in)formality. Using empirical evidence from research on the food system of the megacity of Dhaka (Bangladesh) it is argued in this article that in order to understand informality we need to focus on institutions and social practices, rather than on actors, economic entities or an entire sector and their structural characteristics. We take informality as an aspect of agency that is negotiated in contested urban arenas. In order to capture informality, we thus look at institutions at different degrees of (in)formality and at actors’ use of them as the rationale for their actions.

### **1. Globalisation and the Informalisation of Urban Economies**

The advance of globalisation and economic liberalisation and the success of post-fordist, flexible modes of production go hand in hand with fundamental but contradictory changes in societies worldwide (Castells 1996, Bauman 2000). These processes have also led to a re-emerging academic interest in the informality of economic processes (Roy and AlSayyad 2004, Chen 2005). Terms such as informality/informalisation and informal sector/informal economy are associated

with two conflicting aspects of the global economy. On the one hand, they stand for a higher degree of competitiveness, flexibility and efficiency of enterprises. Studies by economists, sociologists and geographers, on the one hand, have revealed the importance of trust bound in informal networks that enhances the information gathering and knowledge sharing between enterprises (Geertz 1963, Amin and Thrift 1992, Castells 1996, Sassen 2002) as well as compensatory advantages of ‘communities of practice’ within hierarchically coordinated companies (Brown and Duguid 1991, Wenger 1998, Grabher 2006). On the

other hand, scholars of development studies have underlined the insecurity, ambiguity and precariousness of informal labour conditions and have highlighted the defencelessness and vulnerability of employees (*Castells and Portes 1989, Valencia 2000, Altvater and Mahnkopf 2002, Sassen 2007*).

In cities worldwide, the so-called informal economy is considered to be growing, but is certainly securing the livelihoods of millions of people (*Moser 1998: 4; Meikle 2002: 39; Nurul Amin 2002: iii*). This holds particularly true for the megacities in developing countries, where formal labour markets, statutory planning and 'official' regulatory bodies cannot adequately respond to the dynamics inherent in globalised processes of mega-urbanisation (*Tiwari 2007: 348, Sakdapolrak et al. 2008: 12*). *AlSayyad and Roy (2004: 5)* even argue that 'urban informality' has become the dominant organising logic of (mega)urban economies and societies. Here, informality is not only a characteristic of low-income groups. Transnational companies, for example, in their competition over low prices follow the logic of 'downgrading' labour (*Sassen 2007*) and of flexibilising contracts in order to improve their agility and performance. In this regard *Revilla Diez et al. (2008)* speak of 'agile firms'. Hence, informal labour relations are a reality for a great part of the global urban population and are seen to persist and even expand worldwide, whether this is in cities in developing, transitional or highly industrialised countries (for an overview see *Castells and Portes 1989, Roy and AlSayyad 2004*). Consequently, this global trend of informalisation can be understood as a 'viable strategy towards development and modernity' (*Valencia 2000: 10*).

Against this background, we propose that in order to understand the formality-informality nexus, we should focus on social interactions and their quality, rather than on actors or economic units and their mere characteristics (as done extensively in the 'informal sector' literature). It is decisive what people actually do against their personal

socio-economic background, their habitus, which stems from specific structural conditions, and how their actions relate to different levels of social organisation, in particular to established state and community institutions. We assume that informality is an aspect of agency that is constantly negotiated in contested arenas.

The aim of this article is, then, to conceptualise such an understanding of informality. In doing so, we first propose that informality may best be understood as a continuum of interrelated social processes and practices with different degrees and qualities of (in)formality. In a second step we develop an agency-oriented understanding of informality on the basis of social theory that can be operationalised for empirical research. In the last part, we test our concept against empirical findings on the megaurban food system of Dhaka, Bangladesh.

## 2. Informality as a Continuum of Social Practices and Regulations

Since the International Labour Organisation (ILO) introduced the notion of the 'informal sector' in 1972, the concept has encompassed an increasing number of meanings and interpretations, which can be divided into three distinctive strands, namely the dualist (e.g. *ILO 1972, Hart 1973*), the structuralist (e.g. *Moser 1978, Castells and Portes 1989*) and the legalist school of thinking (e.g. *De Soto 1992*) (for an overview see *AlSayyad 2004 and Chen 2005*). Based on these extensive discussions on informality, the notion of a continuum of economic, social and political relations at different stages of organisation, legal and social security as well as official recognition, record and control has been widely accepted by most scholars (*Moser 1978, Castells and Portes 1989, De Soto 1992, North 1992, Chen 2005, Sassen 2007, Revilla Diez et al. 2008, Kulke and Staffeld 2009*).

The International Labour Organisation has also shifted the focus from characteristics of enter-

prises to the nature of employment relationships which are situated at two opposing poles: “The informal economy is seen as comprised of all forms of ‘informal employment’ – that is, employment without formal contracts (i.e., covered by labour legislation), worker benefits or social protection – both inside and outside informal enterprises” (Chen 2005: 7). In contrast, the formal economy comprises the state bureaucracy and public services, state-owned enterprises and officially registered private companies, where waged workers are employed with written contracts and benefit from social protection schemes, such as protection against dismissal, minimum wages, social security benefits and retirement provisions (Zingel 1998, Chen 2005: 15). Regulated in this context means that a “formal regulatory environment: comprised of government policies, laws, and regulations” (Chen 2005: 15) exists and that the respective laws, norms and working standards are actually implemented. This includes the notion that economic activities which are not in compliance (extra-legal) or even in conflict (illegal) with existing formal rules are being sanctioned by appropriate authorities. As a consequence of the complex interplays and power geometries between the actors involved and due to different levels of acceptance of formal regulatory bodies, such as state, city or municipal authorities, there are limited ways in which informal interactions can be influenced, planned, channelled and managed. Thus, any analysis of informal economies is directly related to the question of (the quality of) urban governance (Siddiqui et al. 2000, DiGaetano and Strom 2003) and needs to encompass the social and political processes that govern a society as such.

In order to understand how informally acting people are embedded in networks within the broader society, and how they evaluate and make use of regulatory social institutions, a concept of informality is explored that addresses informality through social theories of action.

### 3. Informal Social Interactions in Contested Arenas

As the foregoing discussion has demonstrated, informality is not an individual condition but a social phenomenon. While it is not sufficient to describe the specific characteristics of the informal economy, we need to understand why people (inter)act informally; whether this is a rational decision in order to achieve specific goals, whether this is a culturally or socially determined habit, or whether this is an adaptation strategy in the context of certain economic and political constraints. This section aims at generating a broader concept of informality (see Fig. 1) that is applicable for empirical research. In order to capture the informality of activities within their wider social, economic, political and cultural background, we relate the discussion of informality to the question of institutions as outlined by Douglass North (1992) and refer to Barbara Misztal’s (2000) understanding of informality as a style of social interaction. A reconsidered definition of informality is then proposed and finally steps towards an operationalisation of informality are outlined.

#### 3.1 Framing networks and arenas

Two layers of social structures matter for our analysis of informal interaction (see Fig. 1). All actors are embedded in networks, in which direct communication takes place, the actors know one another personally and there are mutual obligations. In social arenas (or ‘fields’ in Bourdieu’s [1998] terms) actors are relationally positioned according to their different capacities (capital and habitus) and their respective positions of power. In an arena, actors manoeuvre in accordance with the arena’s dominant institutions. Direct interactions between them do not necessarily have to take place. Any social space in which all actors share the same operating rules could be envisaged as an arena; for instance a settlement, a market, public space or a specific economic sec-

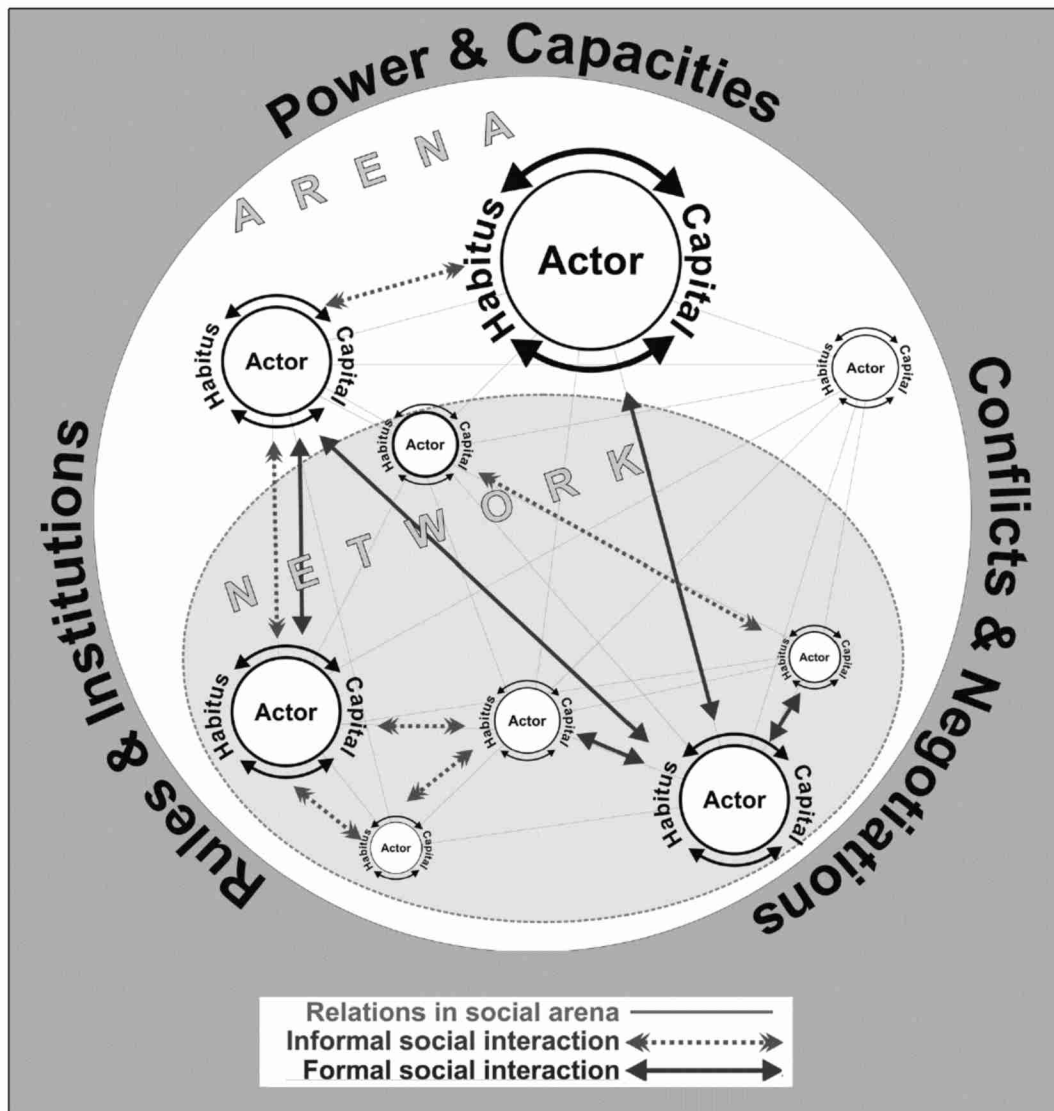


Fig. 1 Schematic illustration of formal and informal interaction in contested arenas (draft: Etzold and Keck, inspired by Sakdapolrak 2007) / Schematische Darstellung von formellen und informellen Handlungen in umkämpften Arenen (Entwurf: Etzold und Keck, verändert nach Sakdapolrak 2007)

tor. Different arenas can, thus, be distinguished from one another by the different modes of regulation that structure the interactions of their actors. To different degrees, different actors possess discursive and practical knowledge (in the

sense of Giddens 1997) of the institutions in effect and are able to benefit from their network connections. In order to pursue their particularistic goals, actors, thereby, use more formal or more informal styles of social interaction. Neither

the relative position of an actor nor the institutions in the arena are fixed, but rather constantly negotiated and contested.

### 3.2 Formal and informal institutions and modes of regulation

Douglass North (1992: 3) argues that institutions reduce the complexity and inherent insecurity of each and every situation and, thereby, constrain agency, but also enable more secure and orderly interaction. North differentiates between formal and informal institutions. Formal institutions comprise codified and written rules, directives and contracts that are outlined in constitutions, articles of the law, company directives, working contracts etc. (North 1992: 55ff.). They are exercised through public (legal system, bureaucratic authorities, political parties, etc.), economic (companies, trade unions, etc.) or educational (schools, universities, etc.) organisations (North 1992: 5). In contrast, informal institutions subsume (often unexpressed) cultural norms, taboos and values, conventions, customs and practices that are (re)produced by all members of the society (North 1992: 43ff.). Whereas formal rules can be changed over night, for instance by passing a law, informal rules have emerged in accordance with routines, customs or traditions over many years manifesting themselves in a specific habitus (Bourdieu 1998) and, thus, show a remarkable degree of stability (North 1992: 99ff.; Williamson 2000: 597).

Theoretically, the difference between both kinds of institutions can be seen as a gradual transition or a continuum from informal to formal institutions (North 1992: 55, see Tab. 1). However, empirical evidence shows that institutions possess formal and informal aspects. In this regard, North speaks of an “institutional matrix” (North 1992: 55) in which every social interaction is embedded. But this institutional matrix is unstable. Often tensions arise when formal institutions change, but informal insti-

tutions remain the same. In such a constellation of contrarian institutions that are *in place* simultaneously, actors automatically get into conflict with either the one or the other set of institutions as they can not align their actions in concordance with both (North 1992: 107f.). We propose to call the institutional matrix that is actually *in effect* in an arena the ‘mode of regulation’. This mode of regulation is constantly negotiated by actors in the light of how they perceive the meaning, legitimation and assertiveness of the formal and informal institutions in place. Generally speaking, more powerful actors have greater influence in this negotiation process than weaker actors.

### 3.3 Formal and informal styles of social interaction in urban arenas

We now turn to the question how actors in urban arenas actually ‘play the game’, in the sense of North’s (1992) approach to social institutions. On the one hand, following Bourdieu (1998), social interaction is a particular practice of players who are positioned based on their endowment with capital and their habitus and who interact according to their specific interests and the institutions in effect. On the other hand, actors possess capabilities “to ‘make a difference’ to a pre-existing state of affairs or course of events” (Giddens 1984: 14). Actors can make choices, they can negotiate their available options, adapt their position and they can challenge the institutions which in turn structure their actions. This is generally referred to as the agency of actors (Giddens 1997). According to Misztal (2000: 70) social interaction is thus not merely a function of actors’ individual character and personality, but rather reflect “the social roles that they are enacting”.

Barbara Misztal has explored the theoretical foundations, limitations and opportunities of the concept of informality. By adopting Goffman’s focus on role distance she defines informality as “a style of interaction among partners enjoying

Tab. 1 Continuum of informal to formal social interactions (authors' draft; based on North 1992, Giddens 1997, Misztal 2000, Cash et al. 2006, Li 2007) / Kontinuum von informellen zu formellen Institutionen und Handlungen (eigener Entwurf; nach North 1992, Giddens 1997, Misztal 2000, Cash et al. 2006, Li 2007)

Degree of Formality	Institutions (North 1992, Cash et al. 2006)	Hegemonic actors	Nature of social ties (Li 2007)	Characteristics of interactions (Giddens 1997, Misztal 2000)
<b>High:</b> predominantly formal interactions	Generally applicable and legally-binding laws; constitutions	State (+ supra-national actors)	Law and authority	Discursive knowledge, written communication, legally binding norms, rationality, impersonality, rigidity of rules, vertical relations
<b>Medium-high:</b> mainly formal interactions	Specific articles in directives and contracts	State and corporate enterprises	Market and competition	Discursive knowledge, mainly written communication, codified norms, , rationality, impersonality, vertical relations
<b>Medium:</b> both formal & informal interactions	Modes of regulation of an arena	Leaders and middlemen	Negotiation and contestation	Discursive and practical knowledge, verbal communication, socially defined codified norms, horizontal and vertical relations
<b>Medium-low:</b> mainly informal interactions	Unexpressed social norms, taboos, values, customs	Community and peer-groups	Social control and identity	Practical knowledge, verbal communication, socially defined codified norms, horizontal relations
<b>Low:</b> predominantly informal interactions	Personal agreements	Family and friends	Personal trust	Practical knowledge, face-to-face communication, socially defined codified norms, horizontal relations, personalised trust, strong social ties, intuition

relative freedom in interpretation of their role's requirements" (Misztal 2000: 46). While "formality is characterised by the centrality of explicit external constraints, rules, contracts, instrumental calculation and impersonality" (Misztal 2000: 46), informality "refers to situations with a wider scope of choices of behaviour where, in order to make the most out of the possibilities in given circumstances, that is, to reach 'a working understanding' [...], people employ various not premade forms of action" (Misztal 2000: 230). From this perspective, interacting in a formal or informal manner is mainly a result of the agency of an actor. This depends on his endowment with different types of capital, in particular his position in networks (social capital), and consequently his social standing (power, habitus). Furthermore, it depends on his evaluation of institutions and his aptitude to align

his actions in concordance with them. Lastly, it depends on his ability to negotiate and (re)act strategically and, thus, on his competence in switching between official, public 'frontstage roles' and unofficial, private 'backstage roles'.

While Misztal constructs a relatively positive perspective on informality, the question remains open, whether people living and working in informality enjoy such a relative freedom of conduct. In reality, most actors do not have a wider scope of choices of behaviour, but are very much restricted in their activities by the modes of regulation that have been set by the more powerful players in the arena. The requirements of their respective roles (their habitus) do not seem to offer much space for negotiation. In contrast, the more powerful actors are not only able to set the modes of regulation, but



also to utilise different institutions in their own interest (i.e. corruption, commissioning etc.).

### 3.4 Formal-informal interactions as a continuum

Looking at informality as a mode of social interaction, we can distinguish predominantly formal modes of interaction from predominantly informal ones. We suggest that this differentiation can be made by looking at the 'degree of informality' of the institutions that structure the interaction in an arena, and by revealing the way actors recognise them and act accordingly. When we draw an institutional scale according to a hierarchy of legally binding or socially codified rules (North 1992, Cash et al. 2006) and link it to the hegemonic actors that structure the institutions, the nature of social ties that underlie the interaction (Li 2007) and the specific characteristics of the interaction (Giddens 1997, Misztal 2000), a continuum from informal to formal social interactions emerges (Tab. 1).

### 3.5 Towards a new working definition of informality

Noting that informality lies "in the eyes of the beholder" (Hart 1987: 846), the question what is informal and what is formal, then, can only be answered in perspective of the actors involved. From a nation-state-centred point of view, all interaction that is beyond recognition, record and control of the state and its official institutions must be considered as informal. In a corporate enterprise, in which specific directives and working contracts regulate the work of their employees, all interactions that lie outside the explicitly outlined standards are informal. In a community or a family, doing something against 'the norm', which is (re)produced through the implicit knowledge and approval of the community or family members, is informal; legally binding laws are not necessarily important in this regard.

Thus, there is no clear demarcation line between 'the formal' and 'the informal'. In contrast, we argue that by looking at different levels of informality on an institutional scale (see Tab. 1), informal interactions can be distinguished from formal ones. Hegemonic actors, who have the trust of their peer group and who possess explicit knowledge of formal institutions, negotiate the signification and legitimation of the institutions *in place* in order to develop the modes of regulation *in effect*. As a consequence, while some interactions are regarded as informal, and therefore devaluated and unwanted, in some arenas, they might be appreciated and advocated in other arenas by other actors or in the same arena at other times. Informality is, then, a consequence of the institutions in compliance to which actors align their actions and, thus, an expression of agency. Accordingly, we can differentiate three dimensions of informal interaction.

Firstly, informality can be understood as a specific *strategy of doing things*. In this regard actors, based on their discursive or explicit knowledge, consciously decide to act contrary to more formal institutions, undermining them, in order to achieve their particularistic goals. For instance, a corporate enterprise might choose to outsource specific activities of their value chain in decentralised networks of production in order to flexibilise production, circumvent labour rights and control by the state, and thereby achieve greater economic success. By the same token, a manager might appeal to friendship and personalised trust to his business partner in 'informal' meetings in order to secure a 'formal' business deal. This mode of informal interaction is in line with the thinking of the legalist school that tries to identify the potentials and optimise the strategies of rationally acting, however marginalised, actors in the context of restrictive institutions that favour formal interaction (De Soto 1992). It also comes close to Misztal's (2000) notion of informality as the freedom to shift roles; backstage behaviour is employed to achieve effects on the frontstage. Actors who can free them-

selves from their role's requirements are more successful and flexible than those who cannot.

Secondly, informality can be understood as a certain *habit or routine of doing things*. In this sense, actors who have internalised external constraints, who mainly draw on their practical or implicit knowledge, and who are often less powerful, cannot 'exit' their roles. Thus, they act against more formal institutions because they 'need' to. These actors not only employ this behaviour in order to secure their livelihood, but also because the more formal institutions simply do not make sense in their lifeworld. Furthermore, other more informal institutions are considered to be more significant and are accepted as the operating rules of the arena. Certain conditions in an arena and a particular set of actors with their capabilities, entitlements and constraints thus generate specific dispositions to interact informally. For instance, a street food vendor knows that hawking without an official license is illegal. However, as he needs to make a living somehow, as he cannot get into formal employment and as he is used to the 'politics of the street' from his personal life experience, he perceives his way of acting informally as legitimate. This dimension of informal interactions has been emphasised by scholars of the structuralist school, to some extent by *De Soto* and by authors who study urban economies from a livelihood perspective (*Moser* 1998, *Meikle* 2002, *Berner* and *Knorringa* 2007).

Thirdly, if informal institutions have more meaning and power in an arena than formal ones, informality can be understood as the major *organising logic of an arena* (*AlSayyad* and *Roy* 2004: 5) or the *hegemonic mode of regulation*. This can not only be the case because an efficient and transparent formal regulatory environment might be absent, but also because the informal modes of regulation which have been developed negotiated and contested by the involved actors themselves, might have proved to be more efficient and resilient. Thus, these regulatory regimes might have been internalised so deeply by the actors

that it is nearly impossible to 'formalise' informal activities, as it has often been tried by state authorities, city municipalities or non-governmental organisations encouraged by the ILO and international development agencies.

### 3.6 Towards an operationalisation of informality

In order to capture what interacting informally means for the actors, we propose a holistic assessment of informality. To operationalise informality as agency, six dimensions of informal interactions will be considered.

Firstly, we need to define the *arena* in its functional, economic, social, temporal and spatial dimension. Are we talking about a market, a corporate enterprise, a settlement, an economic sector, public space or a family? We need to get to know the local manifestations of the arena in question, study the particular historical conditions in detail, and assess which actors have 'stakes in the game' and who takes part in the negotiation of the modes of regulation. It is particularly important to ask in which way the arena is contested or politicised, what dynamics come to light in it and how this affects the various actors (*Bohle* and *Fünfgeld* 2007, *Bohle* 2007).

Secondly, it is crucial to understand the actors' configurations of *capital*. This aspect refers to their physical and financial assets, their tenure rights, licenses or permits (economic capital), their education and knowledge (cultural capital), their network connections (social capital; *Bohle* 2006) as well as their prestige (symbolic capital; *Bourdieu* 1983). While it is clearly not sufficient to assess a workshop, food stall or factory unit by its number of employees or its capital value, analysing these assets helps to outline the social preconditions for acting informally and thus to understand vulnerability in contexts of informality (*Meikle* 2002, *Kulke* and *Staffeld* 2009).



Thirdly, it needs to be asked who the respective actors are in terms of their *habitus* (Bourdieu 1998). What made them who they are now (historical trajectories) and which typical styles of perceiving the reality, of evaluation and interaction result of this process? This information is, on the one hand, a lot more difficult to assess (in-depth interviews, life histories, case studies) and, on the other hand, impossible to express in a quantitative manner.

Fourthly, based on their capital and their habitus, actors take on specific *positions in an arena*. These relative positions need to be assessed and understood in order to explain their more formal or informal activities in the arena. We assume that more powerful actors with a good combination of capital are better able to shift their roles, switch between frontstage- and backstage-behaviour and, thus, change between formal and informal interaction in order to achieve their goals than weaker or marginalised actors (Bohle 2007). Do the power relations in the arena predetermine its degree of informality? The relative position of actors can be explored by using methods from network analysis, participatory urban appraisal (i.e. Venn diagrams) and in-depth interviews.

Fifthly, individuals' activities are largely shaped by *institutions*, and actions can also alter the institutions. We therefore need to take a close look at the nature of institutions in an arena: Which institutions are in place simultaneously, and do they contradict each other? How do the actors in the arena perceive formal and informal institutions (signification of rules; Giddens 1997)? Do they act accordingly due to fear of sanctions (legitimation of rules; Giddens 1997)? Are the subsequent interactions based on actors' discursive or practical knowledge of institutions? Furthermore, we need to scrutinise the negotiation of the operating rules and the powerful actors involved in this process. Who is setting the rules of the game in whose interest and according to which standards? Who is excluded from these decisions? How are the formally expressed rules and the operating

modes of regulation enforced? Who in the arena is affected how by them in their actions?

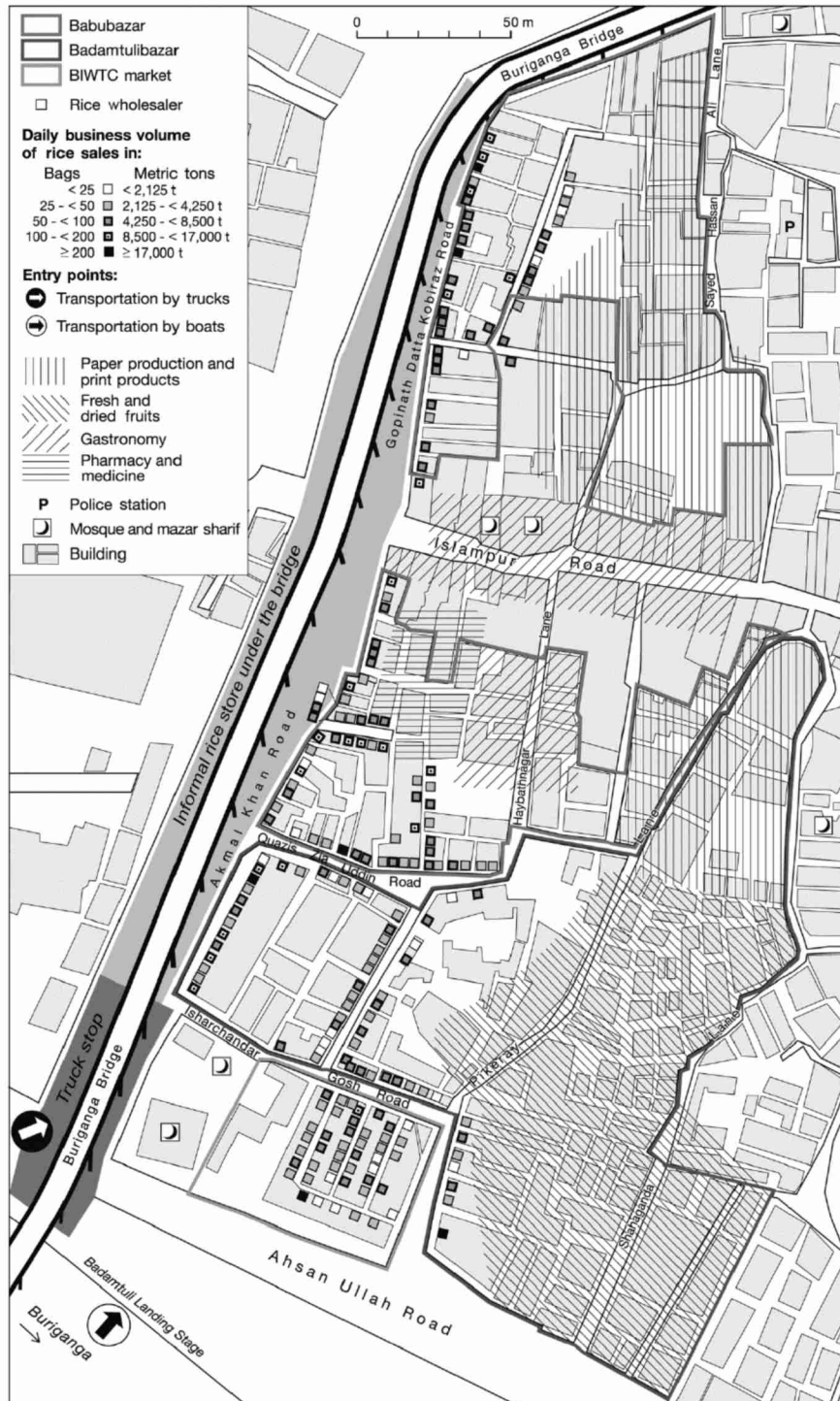
Sixthly, actions have to be seen against the background of the actors' endowment with capital, their habitus, their social position and the institutions in place and the modes of regulation in effect. *Social interaction* is understood here as a way or habit of acting in order to achieve goals. The style, whether more formal or more informal, can be assessed by looking at the (personal or anonymous) contacts and networks of actors, by exploring (oral or written) contractual arrangements which serve as a basis of exchange relations (Revilla Diez et al. 2008). It can also be scrutinised how actors try to solve conflicts that arise in the arena: Do they refer to the authority of community elders, seek the advice of members of their peer group, or do they address established formal institutions such as organisations that represent them or the legal system? But the central question is: Do the actors align their actions to unexpressed norms, negotiated operating rules, articles outlined in contracts or directives, or legally binding laws and regulations?

In order to further illustrate our approach to informality, we now turn to some empirical evidence from ongoing research on the megaurban food system of Dhaka.

#### 4. Testing the Model – Examples of Informal Interactions in Dhaka's Food System

##### 4.1 Informal food systems interactions

Food systems are sustained by a complex network of actors comprising four sub-systems, i.e. production, exchange, distribution and consumption (Canon 2002). These "can only be understood in the context of a range of wider social, political and economic relations" (Crang 2000: 272). In the (mega)cities of the global South, the informal interaction between food system actors, in particular



*Fig. 2* Rice wholesalers at Babubazar, Dhaka's major wholesale market for rice (authors' survey, 03/2008; source: Keck et al. 2008, cartography: G. Bräuer-Jux) / *Reisgroßhändler auf dem Babubazar, Dhakas wichtigstem Großmarkt für Reis (eigene Erhebung, 03/2008)*

their interaction with formalised food economies and the regulatory institutions, are crucial for comprehending the functionality of the food system. Drawing on rich elaborations of metropolitan food systems (Geertz 1963, McGee 1974, Drakakis-Smith 1991, Gertel et al. 1995, Smith 1998, Bohle and Adhikari 2002), ongoing research in the megacity Dhaka (Bangladesh) debates the informality inherent in a food system in order to evaluate challenges to its resilience and to food security in terms of availability, accessibility and affordability of food (Etzold 2008, Keck et al. 2008).

In Dhaka most food-related activities are neither effectively regulated nor fully controlled by the formal institutions, such as the Government of Bangladesh or the Dhaka City Corporation (DCC). While the authorities give out trading licenses and have the power to declare markets, vending and marketing practices, etc. as illegal, and thus frame the space of action of the food system actors, the rice merchants and street food vendors' actual interactions depend largely on informal arrangements. To illustrate our stance on 'the informal' in Dhaka's food system, we show the relations of informal activities to formal regulatory institutions in two case studies. The first looks at informal wage employment and informal business strategies of rice traders on Dhaka's largest rice market, while the second focuses on street food vending as a 'classical' informal activity and the regulation of public space.

#### 4.2 Informal interactions in rice supply chains in Dhaka

Since independence in 1971, the population of Dhaka grew at enormous rates with peaks of

10 % p.a. in the mid-70s; at present some 14 million people crowd in the capital of Bangladesh. The residents consume food in a weight of approximately 13,000 tonnes per day. Of their total daily calorie intake 65 % are contributed by the consumption of rice alone. Each year, another 450,000 people have to be fed; a demanding challenge economically, financially and logistically (BBS 2007, Keck et al. 2008).

There are seven major rice markets in the megacity, namely Babubazar (*Fig. 2*), Krishi Market, Kochukhet, Mirpur 1, Jatrabari, Malibag, and Mirpur 11. Approximately 5,300 tonnes of food grain per day or 47 % of the urban rice demand is traded at these places. The major markets are registered and the majority of wholesalers are licensed by the Dhaka City Corporation (DCC). By the sheer size of Dhaka's wholesale rice trade, it can hardly be classified as 'informal'. Nevertheless, informal strategies within the enterprises and between the merchants and governmental authorities are crucial for the businesses' daily performance.

##### 4.2.1 Rice supply chains and the position of Dhaka's wholesalers

Dhaka's rice wholesalers are situated in a supply network that includes the transaction of goods, finance and information between upstream (producers, millers, intermediaries) and downstream players (retailers, consumers). A recent study (CPD 2007: 6) shows that "millers are the most powerful players in the entire supply chain wielding a significant control over the market price". Whereas their processing costs are 2 %, their margin adds up to 23 % of the retail price. In contrast to that, transaction costs of wholesalers in Dhaka,

which comprise their total expenditure for rent, wages, credits, licence fees, tax, water, electricity, etc., are only 0.7 %, while their profit equals to 9 % of the retail price. Compared to margins of producers (19 %) and retailers (12 %) the position of the wholesalers in the value chain seems to be generally quite low (CPD 2007: 5ff.). Only importers gain less with 6 % of the retail price.

Most of Bangladesh's rice is produced by small farmers with cropping areas of less than one hectare. Retailers and street food vendors sell only small quantities of food each. Compared to that, the sales of wholesalers at 1,500 Euros per day on average are substantial. At a profit margin of 1.5 to 2 Taka per kg of rice, the wholesalers' profit amounts to 67 Euros per day on average (interview: 06.12.2007). This is a continuous and robust income which is likely to exceed the profit margins of most small producers and retailers. 87.6 % of the wholesalers do their business on a commission basis (own survey;  $n = 221$ ). Hence, Dhaka's wholesalers play a crucial role in the urban food system, both as a physical bottleneck of the food streams into the city and as powerful actors in terms of economic resources. However, the larger millers, larger producers and the upcoming food discounters with their much higher profits dominate the food system.

Wholesalers are endowed with economic resources quite differently and incomes vary accordingly. The size of the interviewees' shops range from 25 m<sup>2</sup> to 1,625 m<sup>2</sup>. Large storage facilities mean security in times of supply disturbances and enable economies of scale in purchase and sale as well as strategic manoeuvre options in times of price changes. Thus, it is no surprise that Dhaka's rice trade is widely concentrated in the hand of a few. In terms of business volume, the top 10 % of Dhaka's wholesalers sell 42.9 % of the total rice turnover. Contrary, the bottom 10 % sell only 3.1 % (authors' survey;  $n = 543$ ). Profit margins range from 4.50 to 337.50 Euros per day (authors' survey;  $n = 221$ ). As shown in the

following case study of Babubazar, disparities in terms of economic resources often go hand in hand with a higher amount of social capital.

#### 4.2.2 *Informal strategies of Dhaka's rice wholesalers*

Three major aspects regarding the informal strategies of rice merchants became obvious in our study of the seven main wholesale markets of rice in Dhaka. Firstly, informal strategies of Dhaka's wholesalers contribute to the resilience of the megaurban food system. Organised in networks, each trader deals with a number of brokers, millers and importers in the hinterland. The rice is mainly delivered from the granaries in Bangladesh's north-western districts and from foreign countries like India, Thailand, Pakistan, Vietnam, USA and China. Usually, contracts are made on a day-to-day basis. Negotiations take place for each truck load. Since in 93.7 % of the cases ( $n = 221$ ) no written contracts exist, wholesalers are in a position to change their suppliers easily in case of price fluctuations or supply disturbances. By means of multiple and flexible informal ties, the merchants secure a constant food availability for Bangladesh's capital. But because of informal contracts, information on stocks of millers and wholesalers, on prices and margins is difficult to get, and thus, price control measures are difficult to achieve.

Secondly, informal strategies contribute to the efficiency of the food system. Transaction costs of Dhaka's wholesalers are kept low by a specific division of labour. Merchants predominantly run small enterprises with an average of five employees. Usually a shop owner has one manager or accountant and some labourers. 90 % of all employees do not possess written contracts (authors' survey;  $n = 221$ ). Whereas managers and accountants receive a fixed monthly salary, labourers are paid according to their actual work load measured by the number of rice bags they

carry from the trucks to the storage room and the stores and from there to the customers' vehicles. For this demanding work, the workers earn four Eurocents per bag with a weight of 50 to 85 kg. In a month their average income is around 32 Euros only. Whereas the owners and managers have fixed working hours from 7 a.m. to about 5 p.m., the labourers are on duty more or less 24 hours a day. Whereas customers purchase their goods during daytime, the store rooms are replenished during the night. Due to the heavy traffic situation in Dhaka, trucks are allowed to enter the city after 8 p.m. only, so that the workers need to sleep in the wholesalers' showrooms until the loads arrive between 10 p.m. and 4 a.m. The rice shops' employed workers as well as numerous casual labourers literally carry the megacity's entire food supply on their shoulders. While they are provided with food and a place to sleep, no social security measures exist that would protect them against illness, invalidity or unemployment. Hence, these informal labour contracts go hand in hand with high risks for each worker. The limited formal labour market in Dhaka as well as the nature of interaction between labourers and their superiors implies a high degree of social acceptance of these working conditions, which are nonetheless not worse than the traditional labour relations in rural areas that most of these first generation urbanites are used to.

Thirdly, informal strategies contribute to the adaptability of the food system. Dhaka's wholesalers present their goods to the customers in their showrooms, where in total 40 different types of rice are displayed and exchanged. Because of limited space in the shop, the storage of rice often needs to be outsourced. At Babubazar, wholesalers use storage space under the 2<sup>nd</sup> Buriganga Bridge in the immediate vicinity. Since completion of the bridge in 2001 the owners' association negotiated with governmental authorities to use this space. Although no written contracts exist, the association's chairman, one of the largest wholesalers at Babubazar and

in the whole of Dhaka, with good connections to the municipality and the government, accomplished that the wholesalers' informal rice storages were tolerated there. Since Dhaka's food system is highly challenged by immigration and rapid (natural) population growth, additional storage space was perceived as necessary. Furthermore, these rice stocks serve as an important mechanism to control the rice prices at that time, so that a mutual agreement was reached. Nevertheless, this situation changed in January 2007 when the Caretaker Government took over. Simultaneously, an unprecedented rise in food prices began. Chief Advisor *Fakhruddin Ahmed* took office with the aim to end corruption, and soon legal action was started against politicians and bureaucrats. As a consequence several ten thousands of people were arrested. In the context of this anti-corruption campaign, the rising food prices were perceived as a result of mercenary brokers and wholesalers, and hence, storing food under the Buriganga Bridge was regarded as illegal hoarding. Consequently, in spring 2007, the informal storages under the bridge were evicted and at other markets, such as Krishi Market in the north-western part of the city, complete buildings of non-registered dealers were destroyed. The merchants were forced to provisionally store their bags in front of their shops or to move their whole business to another market. As these steps by the caretaker government endangered the whole rice business in the capital, the shop keepers of Babubazar sent their chairman and another representative to negotiate the issue personally with *Tapan Chowdhary*, the national government's food adviser at that time. They convinced the politician that other factors were more decisive for the price hike and that the salesmen urgently needed the storeroom for running their businesses, which, in turn, were crucial for Dhaka's food supply. Two months later the food adviser gave instructions to the local authorities to re-allow the informal stocking of rice. Interestingly, between one third and one half of the entire storage space under



Buriganga Bridge is controlled by the chairman of the owners association himself. Traders of Kri-shi Market, who are also organised and maintain contacts to the Bangladesh National Party (BNP) and to Awami League (AL), did not succeed. By April 2008, the 'illegal' traders were evicted and their building structures destroyed.

These examples from the rice supply system of the capital of Bangladesh show that informal practices, strategies and routines are dynamically performed and constantly negotiated. The political arena of Dhaka's wholesalers comprises a variety of actors endowed very differently with economic resources and social capital. It is the hegemonic actors that possess the power to set, to maintain, to sanction and to change the operating rules in effect that are also binding for subordinate actors. Whereas the contribution of these informal social practices towards a resilient, efficient and adaptive food system can hardly be overseen, those actors who are disadvantaged by the prevailing conditions and who bear the risk of losing their income or their health deserve mentioning. Furthermore, more empirical research is needed to deepen our understanding of formal and informal institutions that stabilise social practices.

#### *4.3 Street food trade and contested public space in Dhaka*

##### *4.3.1 Dhaka's street food system*

As many case studies from all over the world show (McGee 1974, Kupfinger 1995, Gertel and Samir 1995, Tinker 1997, Nirathron 2006, Dittrich 2008, Donovan 2008), the sale of prepared food in cities' public places is an essential self-employment opportunity for the urban poor and, thereby, a 'classical' informal activity. Thus, the analysis of the street food system can provide important insights into the dynamic relation of formal and informal interaction in Dhaka and beyond.

In Dhaka, the street food trade is characterised, firstly, by ease of entry, as many of the vendors have recently migrated to Dhaka from Bangladesh's rural areas; fairly little capital is needed for opening a small street food stall or selling tea, snacks or fruits in a mobile manner. Secondly, the vendors most often own their vending units themselves or these belong to family members or friends, who also help with small loans needed for investment. Thirdly, the vending units are small in terms of volume of sales and number of people involved. Fourthly, most of the vendors are self-employed and operate their business alone, while some more permanent street food shops have one or two constant helpers – most often younger family members. Many women help at home with the preparation and processing of the food sold on the street, contributing significantly to the household income, although this involvement is often disguised. Fifthly, despite having little formal education, most vendors develop business skills on the streets that enable them to see opportunities and seize them.

The social condition of street food vendors is characterised by low incomes, no social security or state benefits and bad working conditions, in particular a high exposure to extreme weather conditions as well as air and noise pollution, and the constant risk of being harassed or evicted. Street food vending is a day-to-day business that involves high risks and uncertainty for the vendor. The level of income varies substantially depending on the kind of food items the vendor offers, the type of their vending unit, their vending location, which is closely related to their number of customers, the hours and days they work, and the time of the year. For instance, a tea vendor who also sells bread rolls, biscuits, bananas, cigarettes and betel from a larger table or push-cart has a daily business volume of 10 to 30 Euros and earns between 2 and 4 Euros per day (own survey, 2007). In many cases the net profits, if business is not disrupted by police raids or weather ex-



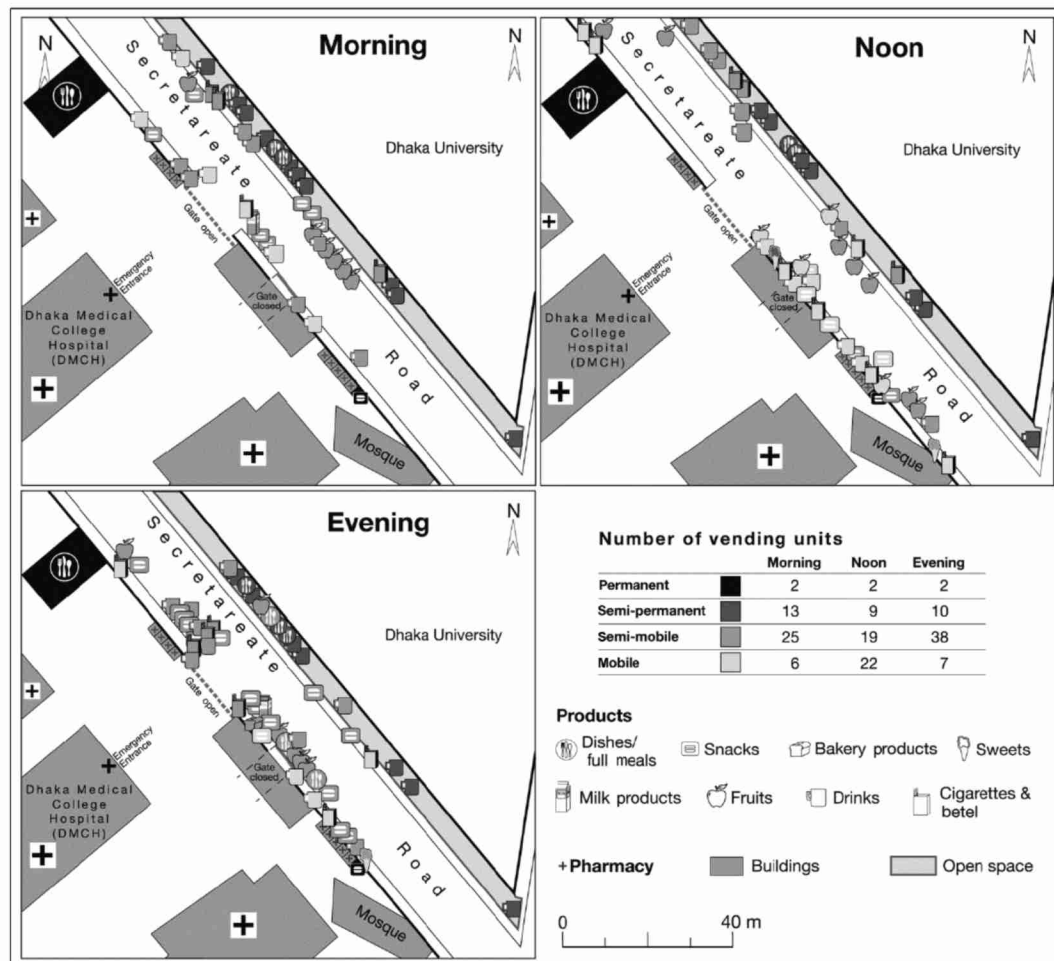


Fig. 3 Mobility patterns of street food vendors in front of Dhaka's Medical College Hospital (authors' survey, 08/01/2008, source: Etzold 2008, cartography: G. Bräuer-Jux) / *Mobilitätsmuster von Straßenverkäufern von Essen vor Dhakas Universitätskrankenhaus (eigener Entwurf, 08/01/2008; Quelle: Etzold 2008, Kartographie: G. Bräuer-Jux)*

tremes, are higher than from formal employment, typical for people in a similar socio-economic position, e.g. a cleaner at a hospital or an untrained worker in Dhaka's garments industry.

The market for street food is highly competitive. Each vendor has to find his economic niche by serving specific needs for different tastes at par-

ticular sites at certain times to a special group of customers. As a result, there is a broad variety of food items that are sold on the streets of Dhaka. Almost one hundred different kinds of street food were counted. Products sold range from full rice meals like *rice curries*, *tehari*, snacks like *fuchka*, *samosa* or simply plain bread rolls, sweets like *jilapi* and biscuits, fruits like bananas or *amra*, drinks

like tea (*cha*) or sugarcane juice (*akher rosh*), to ice cream and curd drinks like *matha*. While some street food items are prepared locally by the vendors or their families themselves and are traditionally sold on paper or banana leaves – in this case they are produced fully informally – others are processed by small food-processing factories in Dhaka and are then distributed to vendors, others are imported from India, South-East Asia or overseas. Globalisation is visible in the range and character of Dhaka's street food.

Accordingly, there are quite different business models and mobility patterns of street food vendors. The variety of vending styles ranges from mobile vending units, as the vendors sell their products alone by walking around with a basket, tray or flask; semi-mobile vending units, such as a pushcart or a rickshaw moved occasionally to reach consumers at different places at specific times; semi-permanent vending units, like a table that is set up for the day at a particular site; to more permanent vending units, such as a food stall built illegally at a specific site (see Fig. 3). The very fact that the number of authorised food stalls, restaurants and canteens is simply not sufficient to cater for the needs and tastes of consumers, in particular for the food requirements of the urban poor, proves *Castells* and *Portes'* (1989: 13) observation that the informal economy only exists because there are shortcomings in the way the formal economy – in this case the formal food system – is organised. The street food trade is, however, by no means disconnected from the formal economy or not regulated by formal institutions.

#### 4.3.2 Contested public space: a case study of street food vendors and regulators

In front of Dhaka's Medical College Hospital, situated between the campus of Dhaka University and Old Dhaka, it becomes visible how street food vendors, other hawkers and pavement

dwellers struggle over the access to public space in order to secure their livelihood. Using this arena as an example, it will be shown how actors negotiate the use and regulation of public space via formal and informal institutions.

The street food vendors' business success largely depends on their position in the arena and their embeddedness in informal networks: Who they know and the quality of their social relations to key players in the arena opens them access to (or excludes them from) the most popular street food vending sites on the pavement, street and open space near the hospital's main entrance. Each specific vending spot is allocated to a vendor, and each spot has its specific price. One facet of informal operating rules on the street is the extraction of security money (*chanda*) by local muscle men (*mastaans*), who are often also part of the formal system of political parties or trade unions (*Siddiqui et al.* 1990: 339). Each day, street vendors pay between 0.10 and 4.00 Euros according to the size of their shop and their business volume. In turn, the *mastaans* allow the vendors to sell at 'their' usual spot, provide them with information regarding police raids and serve as middlemen in negotiations with more powerful actors (who also get their share of the extracted money). For the vendors, it does not really matter which formal institutions exist, but how rigorously official directives are actually implemented at 'their' vending site.

For long, despite being declared illegal by law (Pure Food Ordinance, 1959; Dhaka Metropolitan Police Ordinance, 1976; Dhaka City Corporation Ordinance, 1983), the unlicensed sale of food in public places has been tolerated by Dhaka's authorities, such as the Dhaka City Corporation (DCC), the Dhaka Metropolitan Police (DMP) or security officers of other public institutions (e.g. Dhaka University, Dhaka Medical College Hospital). However, with shifting public discourses around hygiene, security, corruption and the use of public space towards 'mod-

ern' and western norms, the street food business is increasingly impeded in order to 'improve food safety' and 'clear public space'. This has become even more evident since the military-backed Caretaker Government came to power in Bangladesh in January 2007. In the subsequent months, street hawkers, not only food, but also garments or handicraft vendors, in Dhaka have been affected by radical clean-up drives that were enforced by DCC, DMP, RAJUK (a city planning agency) and the Rapid Action Battalion (RAB).

Dhaka's Medical College Hospital is one of the largest hospitals in Bangladesh. 2,500 people work there. Each day, the hospital has between 2,000 and 3,000 patients and several thousand visitors. The hospital director is an army general who was installed by the present caretaker government. He, as the most powerful player in this specific arena, is the central 'regulator' of the street food business in front of the hospital. He opposes the sale of – in his opinion – unsafe and unhygienic street food. He therefore employs security guards to keep the hospital premises and its main gates clear of street food vendors. But as the opposite side of the road is within the administrative area of Dhaka City Corporation, the hospital director's direct regulatory power stops there. However, with a phone call to the DCC or the police he regularly encourages them to exercise their formal control more strictly.

The mobility patterns of street food vendors are shown in *Figure 3*. In the early morning hours (7 a.m.), the street food trade in front of the hospital is not yet formally controlled by the hospital authorities. It is rather regulated through informal institutions, such as the *chanda* payments to muscle men and the police as well as a behavioural codex among the vendors, who are organised in loose horizontal networks. The vendors sell on both sides of the road close to the main gate, which is the most important street food vending site due to the large number of people passing through. The major street food

consumers are hospital staff, patients and their visitors, as well as rickshaw-pullers and taxi drivers waiting for clients. The mobile vendors (light grey) are dispersed along the hospital side of the road; semi-mobile traders (grey) serve tea and snacks for breakfast near the main gate from small tables or push-carts; the semi-permanent food stalls (dark grey) are selling tea and full meals on a side-strip of the road opposite the main gate. They are always ready to dismantle their vending units if a police raid is about to take place. Only one permanent food stall (black) sells full meals and drinks at the site during the day, another permanent shop offers bottled drinks and fully-packaged snacks and sweets.

During the office hours (9 a.m. to 5 p.m.) the semi-mobile vendors have to shift their vending position away from the main gate as they are chased away by the hospital's security guards (formal mode of regulation). The mobile vendors, who sell small snacks from bowls or tea from flasks, do not have to fear the security guards due to their flexibility and fill this gap. The demand for street food is highest at noon, as many people do not take their lunch from home or at home and authorised restaurants and canteens are too expensive and not available nearby. The hospital's canteen only caters for its staff and patients.

In the evening (8 p.m.), a return to a mode of informal regulation can be witnessed. The hospital's security guards tolerate the vendors' presence now as their own superiors are absent. There is a high demand for street food during dinner time. The semi-mobile vendors gather at 'their' spots, which they occupy every day and pay for accordingly, right at the gate. Subsequently, the number of mobile vendors decreases again. The semi-permanent food shops now run their business undisturbed and make most of their daily profit.

This example shows that the street food trade at this particular site in Dhaka is regulated by

shifts in demand for food and by altering modes of regulation as the rigour with which formal rules are implemented changes throughout the day. Thus, formal and informal institutions are *in place* simultaneously, but are *in effect* alternately. Accordingly, the street food vendors, who are the less powerful actors in this arena, align their actions in a flexible manner to this rhythm of the arena's shifting operational rules in order to continue their businesses and secure their livelihoods successfully.

### 5. Lessons from the Case Studies and Conclusion

Our case studies on informal interaction in the rice supply chains of Dhaka and on street food vending in the public spaces of the megacity indicate that informality must not be seen purely as an attribute of an actor, of an entity like a shop or of an entire economic sector. Instead, actors in officially registered enterprises as well as actors who mainly navigate in the street economy pursue informal strategies on the basis of their established social and economic networks in order to secure their business success and, thus, their livelihoods. In doing so, they constantly struggle over positioning themselves in these networks and in their respective arena and negotiate the arena's modes of regulation. Informal food-related interactions are – and this is a central finding of our research – not marginal or inefficient activities of the urban poor, but significant contributions to the efficiency, functionality and resilience of megaurban food systems. Focusing on social interactions and on the interpretation and application of formal and informal institutions by actors rather than on classifying actors into the formal or the informal economy thus offers the possibility to reveal the inherent dynamics and logics of the 'real markets' (Mackintosh 1990) in today's economies. It also allows a more concise assessment of the vulnerabilities

against and resiliencies towards food crises. In this sense, the food security of the megaurban population is permanently negotiated, struggled over, lost and won in this highly contested arena. Informality, therefore, is first and foremost an expression of agency.

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#### *Summary: Informality as Agency – Negotiating Food Security in Dhaka*

Recent research on the informal economy no longer distinguishes 'the formal' and 'the informal' as distinct antipodes, but looks at a continuum of interwoven and intertwined socio-economic processes and practices with different degrees of (in)formality. In this article it is argued that in order to understand informality we need to focus on institutions and social practices, rather than on actors, economic entities or an entire sector and their structural characteristics. We take informality as an aspect of agency that is negotiated in contested urban arenas. In order to capture informality, we thus look at institutions at different degrees of (in)formality and

at actors' use of them as the rationale for their actions. Evidence from recent research on the food system of the megacity of Dhaka (Bangladesh) illustrates our agency-oriented approach towards informality. While one case shows informal interactions in rice supply chains, the other highlights informality as a livelihood strategy of street food vendors. A central hypothesis is that informal activities – due to their flexibility and the self-organised mode of their practice – are decisive for the functioning, efficiency and resilience of megaurban food systems. Furthermore, it is proposed that the food system of Dhaka is a highly contested arena where food security is negotiated, struggled over, lost and won.

#### *Zusammenfassung: Informalität als soziale Praxis – zur Aushandlung von Ernährungssicherung in Dhaka*

In neuester Forschung zur informellen Wirtschaft werden „das Formelle“ und „das Informelle“ nicht mehr als klar voneinander abgrenzbare Gegensätze gesehen, sondern als Kontinuum von miteinander verflochtenen und voneinander abhängigen sozio-ökonomischen Praktiken mit unterschiedlichen Graden von Informalität. Das zentrale Argument dieses Artikels ist, dass wir unseren Blick auf Handlungen und Institutionen richten müssen, um Informalität zu verstehen, anstatt die Merkmale von Akteuren, Wirtschaftseinheiten oder ganzen Wirtschaftssektoren zu beschreiben. Informalität ist ein bedeutender Aspekt des Handelns, der in umkämpften Arenen – insbesondere in Städten – immer wieder neu ausgehandelt wird. Informalität wird besser fassbar, wenn wir Institutionen mit verschiedenen Ausprägungen an (In)Formalität in den Mittelpunkt der Analyse rücken und aufzeigen, wie sich Akteure auf diese als die antreibende Logik ihrer eigenen Handlungen beziehen. Anhand von Beispielen laufender Forschung zur Nahrungsversorgung der Megastadt Dhaka (Bangladesh) veranschaulichen wir unseren handlungsorientierten Zugang zu Informalität. Das eine Beispiel zeigt die informellen Geschäftspraktiken von Reisgroßhändlern, wohingegen das andere Straßenhändler und ihr informelles Handeln zur Lebenssicherung untersucht. Im Zentrum steht die Annahme, dass informelles Handeln entscheidend ist für ein funktionierendes, effizientes und resilien-

tes Nahrungsversorgungssystem. Darüber hinaus wird gezeigt, dass die Ernährungssicherung in Dhaka nicht nur umkämpft ist, sondern auch immer wieder neu ausgehandelt wird.

*Résumé: Informalité comme pratique sociale – Négocier la sécurité de l’approvisionnement alimentaire à Dhaka*

Dans la plus récente recherche sur l’économie informelle, « le formel » et « l’informel » ne sont plus considérés comme des antipodes divergents, mais comme une continuité des processus socio-économiques qui dépendent l’un de l’autre avec une différente mesure de l’informalité. Dans cet article il est dit que pour comprendre l’informalité nous avons besoin de mettre le point sur les actions et institutions plutôt que sur les caractéristiques des acteurs, des unités économiques ou des secteurs économiques entiers. L’informalité est un aspect important de l’action sur lequel il faut toujours négocier de nouveau, surtout dans les arènes disputées, par exemple les villes. L’informalité est plus compréhensible lorsqu’on met au centre de l’analyse des institutions avec des degrés différents de l’(in)formalité et lorsqu’on montre comment des acteurs se réfèrent à eux étant le point de repère de leurs propres actions. En s’appuyant sur des exemples de la recherche courante sur l’approvisionne-

ment alimentaire de la mégapole de Dhaka (Bangladesh) nous illustrons notre approche envers l’informalité, axé sur l’activité. Pendant qu’une étude de cas montre l’informalité de la pratique commerciale des grossistes du riz, l’autre exemple analyse l’informalité des marchands ambulants comme stratégie de subsistance. L’hypothèse centrale exprime que l’activité informelle est décisive pour le fonctionnement, l’efficacité et la résistance de ce système alimentaire de Dhaka. Au-delà il est présenté que l’approvisionnement alimentaire à Dhaka est non seulement un terrain très disputé mais encore et toujours renégocié.

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